



# Department of Justice

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## **U.S. COMPANY AND U.K. PARENT TO PLEAD GUILTY TO CHARGES INVOLVING AN INTERNATIONAL ELECTRICAL CARBON PRODUCTS CARTEL**

### **Companies Agree To Pay Fines Totaling \$11 Million**

WASHINGTON, D.C. -- Morganite, Inc., a U.S. company, was charged today with participating in an international cartel to fix the price of various types of electrical carbon products sold in the United States and elsewhere. Its U.K. parent corporation, The Morgan Crucible Company plc, was charged with attempting to obstruct the investigation of the price-fixing conspiracy, the Department of Justice announced.

Morganite, Inc. of Dunn, North Carolina, was charged in U.S. District Court in Philadelphia with one count of price fixing on four types of electrical carbon products: (1) current collectors sold to certain transit and private customers, (2) carbon brushes sold to certain original equipment manufacturers for automotive applications, (3) carbon brushes sold to certain original equipment manufacturers for battery electric vehicle applications, and (4) carbon brushes sold to certain transit authorities, from at least as early as January 1990 and continuing until at least May 2000. According to the charge, the conspiracy was carried out in the United States for periods that varied by product market segment. Morganite has agreed to plead guilty to the charge and to pay, subject to court approval, a \$10 million criminal fine.

Carbon brushes are used to transfer electrical current in direct current motors by acting as the rubbing contacts for electrical connectors in the motors. Direct current motors are used in a variety of products including automobiles, battery electric vehicles, and public transit vehicles. Carbon collectors are used to transfer electrical current from wires or rails for use in vehicles that are not independently powered.

According to the charge, the conspirators carried out the conspiracy by:

- participating in meetings and conversations in Europe, Mexico and Canada to discuss the prices of the relevant carbon products sold in the United States and elsewhere;
- agreeing, during those meetings and conversations, to charge prices at certain levels and otherwise increase or maintain prices of the relevant carbon products sold in the United States and elsewhere; and
- discussing and exchanging price quotations to certain customers so as not to undercut the price of a competitor.

Morganite's parent company, The Morgan Crucible Company plc, of Windsor, England, was charged in Count Two with witness tampering by attempting to persuade witnesses to give false testimony in the price-fixing investigation. Count Three also charged Morgan Crucible with witness tampering by attempting to persuade a witness to destroy documents relevant to the investigation. Morgan Crucible has agreed to plead guilty and to pay, subject to court approval, a \$1 million criminal fine.

"This is another example of the Antitrust Division's resolve to ferret out violations of the U.S. antitrust laws that harm American businesses and consumers," said Charles A. James, Assistant Attorney General in charge of the Antitrust Division.

The statutory maximum penalty for a corporation convicted of price fixing, a violation of the Sherman Act, is a \$10 million fine. The fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

The statutory maximum penalty for a corporation convicted of attempting to obstruct justice is a \$500,000 fine for each count of conviction.

Today's charges arose from an ongoing investigation being conducted by the Antitrust Division's Philadelphia Field Office, with the assistance of the Philadelphia office of the Federal Bureau of Investigation.

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